

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

BEFORE THE
ATTORNEY GENERAL

IN THE MATTER OF

VATCHE MANOUG, Individually;
GARO MANOUG, Individually;
CORPORATE INFORMATION
EXCHANGE, INC. dba CINEX, INC.
dba CINEXCORP dba
YOURCOMPANYLISTING.COM
dba YCL dba MAYSIX & CO. dba
CAFEIGLOO.CA; and NATIONAL
BUSINESS INFORMATION.,
EXCHANGE, INC. dba NBIE,

Respondents.

**CEASE AND DESIST ORDER,
NOTICE OF CIVIL PENALTY
AND NOTICE OF RIGHT TO
REQUEST A HEARING**

CPAT 015859.006

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**THE ATTORNEY GENERAL OF THE STATE OF NORTH DAKOTA TO THE
FOLLOWING (HEREINAFTER COLLECTIVELY REFERRED TO AS
"RESPONDENTS"):**

VATCHE MANOUG, Individually;
GARO MANOUG, Individually
aka VINCENT THOMAS;
CORPORATE INFORMATION EXCHANGE, INC.
dba CINEX, INC.
dba CINEXCORP
dba YOURCOMPANYLISTING.COM
dba YCL
dba MAYSIX & CO.
dba CAFEIGLOO.CA;
and
NATIONAL BUSINESS INFORMATION EXCHANGE, INC.
dba NBIE
600-1184 Rue Sainte-Catherine O.
Montreal, QC H3B 1K1
Canada
514-337-7776
800-765-0508
800-765-0193 (fax)

and

6993 Place De Nevers
Montreal, QC H4K 1E4
Canada

and

6226 4th St.
Chesapeake Beach, MD 20732

and

c/o Morris Chaikelson, Esq.
4950 Ponsard Ave.
Montreal, QC H3W 2A5
Canada
514-482-1896

(including all of those entities' officers, directors, owners, agents, servants, employees and representatives as well as all other persons in active concert or participation with them, extending to all "doing business as" names, formal corporate names, fictitious names of any kind or any variations of the same)

BACKGROUND

1. The Attorney General of North Dakota has a reasonable basis to believe Respondents have engaged in and are engaging in acts or practices declared unlawful by N.D.C.C. ch. 51-15, the Consumer Fraud Law. It is necessary and appropriate in the public interest and for the protection of consumers to restrain these acts or practices of Respondents.

2. Respondents have been the subject of numerous North Dakota consumer inquiries and complaints alleging misleading or deceptive advertising and fraudulent business practices in connection with the advertisement and sale of merchandise as those terms are defined in N.D.C.C. § 51-15-01.

3. Respondents, by telephone and through written representations, with the intent to sell, have made untrue, deceptive and misleading representations, and/or have

made or engaged in deceptive acts or practices, fraud, false pretenses, false promises or misrepresentations with the intent that others rely thereon.

4. Respondents are located in Montreal, Quebec in Canada. Respondents are believed to have rented mail drop boxes or maintained fronts in Champlain, New York and Chesapeake Beach, Maryland to make it appear that they are a business located within the United States. Respondents contact businesses by telephone to sell advertisements in their business directory publication entitled "Corporate Telecom Directory." North Dakota consumers allege Respondents contacted consumers by telephone and consumers were told their business listing was already authorized by someone in the consumers' office when in fact no authorization was ever given. In one instance, the complainant alleges that Respondents made a pretextual call to confirm the complainant's mailing address, which call was then referenced by Respondents as confirmation of an order for a directory listing. Respondents follow up the telephone calls by sending false and fraudulent invoices to businesses for advertisements in the "Corporate Telecom Directory."

Since 2001, the invoices have varied from \$249.00 to \$798.00 per listing depending on one-year or two-year listing. Complainants assert they did not authorize a listing of their business with Respondents or agree to pay for such listing. Complainants assert they are unable to cancel the unauthorized listings. Complainants assert Respondents repeatedly harass complainants regarding unpaid "invoices." In at least two instances, complainants have paid the bogus invoices just to put a stop to contact with Respondents, only to later receive additional false invoices. Respondents threaten complainants with unfounded claims regarding collection or legal action. Respondents

sometimes contend that complainants signed a contract for services. In at least two instances, complainants deny signing Respondents' contract. Complainants assert Respondents copied and falsified complainants' signature from prior correspondence or check drafts to the Respondents and placed the forged signatures on the "contract." Such conduct would constitute class C felonies under North Dakota Century Code ch. 12.1-24, "Forgery and Counterfeiting."

5. A Civil Investigative Demand ("CID") was sent to Respondents on July 21, 2006 and receipt was acknowledged by Respondents' attorney, Morris Chaikelson. On August, 25, 2006, Respondents asked for and were granted an extension until September 11, 2006 to respond to the CID. Even so, Respondents did not provide a response to the CID, despite repeated requests from the Attorney General. Respondents were advised that if they did not respond, it could result in an enforcement action against them, including but not limited to issuance of a cease and desist order. Respondents have failed and refused to provide any information requested under the CID. Failure to respond to the CID is a violation of N.D.C.C. §§ 51-15-05, -06 and is itself separate grounds for issuance of a cease and desist order under § 51-15-07.

6. Respondents, by their foregoing conduct, with the intent to sell or induce the public to enter into an obligation relative to, or to acquire title or interest in any merchandise or service, made, published, disseminated, circulated and placed before the public advertisements which contained assertions, representations and statements of fact which were untrue, deceptive, or misleading in violation of N.D.C.C. §§ 51-12-01 and -08. Violations of N.D.C.C. §§ 51-12-08 through -12 are class B misdemeanors.

7. Respondents have engaged in the foregoing deceptive acts or practices through telephone and/or mail solicitations to North Dakota consumers. Respondents have disseminated advertisements, as that term is defined in N.D.C.C. § 51-15-01, and engaged in efforts to induce North Dakota consumers to enter into an obligation or acquire any title or interest in merchandise. Such actions are in violation of N.D.C.C. § 51-15-02.

8. Each of the Respondents is engaged in a combination of two or more persons who have agreed to act together to inflict a wrong or an injury upon another, or who have agreed to act together to commit a lawful act using unlawful means to inflict a wrong or injury upon another, namely violation of North Dakota's False Advertising Law at ch. 51-12 and Consumer Fraud Law at ch. 51-15. In so doing, Respondents have committed acts in pursuit of the agreement and the agreement has proximately caused damage to North Dakota consumers.

9. Respondents are liable for their own misconduct and/or for directing others to engage in misconduct. See *e.g. Zimprich v. North Dakota Harvestore Sys., Inc.*, 419 N.W.2d 912, 914 (N.D. 1988); *Rickbeil v. Grafton Deaconess Hosp.*, 23 N.W.2d 247, 257 (N.D. 1946)("The general rule with reference to this feature is considered and set out in the great series of volumes of jurisprudence familiar to the courts. In 52 Am. Jur. 440, this rule is stated, 'It is a conceded general rule that all persons or entities are liable for torts committed by them, or by their agents while acting within the scope of their duties.'").

10. Respondents who are natural persons will additionally be subject to personal liability for corporate misconduct. *Hilzendager v. Skwarok*, 335 N.W.2d 768

(N.D. 1983)(quoting *Schriock v. Schriock*, 128 N.W.2d 852, 866 (N.D. 1964)("'... but, when the notion of legal entity is used to defeat public convenience, justify wrong, protect fraud, or defend crime, the law will regard the corporation as an association of persons.' Fletcher, Private Corporations Sec. 41 (1963 rev. vol.)."). The crime/fraud exception to the protections of corporate form has long been recognized in North Dakota, "neither law nor equity will ever recognize the right of a corporate entity to become the receptacle or cover for fraud or wrong based on deception for the purpose of defeating the right of innocent parties." *McFadden v. Jenkins*, 169 N.W. 151, 163 (N.D. 1918). See also *Danks v. Holland*, 246 N.W.2d 86 (N.D. 1976); *Family Center Drug v. North Dakota St. Bd. of Pharm.*, 181 N.W.2d 738, 745 (N.D. 1970).

ORDER

NOW, THEREFORE, IT IS ORDERED pursuant to N.D.C.C. § 51-15-07 that Respondents, individually, and where applicable their officers, directors, owners, agents, servants, employees, contractors, representatives (extending to all "doing business as" names, formal corporate names, aliases, fictitious names of any kind or any variations of the same) as well as all other persons in active concert or participation with them, whether directly or indirectly, immediately **CEASE AND DESIST** from soliciting, advertising or selling goods, services and/or merchandise as defined N.D.C.C. § 51-15-01(3) in North Dakota. Respondents also shall immediately **CEASE AND DESIST** from issuing any invoices or bills and **CEASE AND DESIST** from taking any payments from North Dakota consumers including but not limited to direct debits or withdrawals from consumers' bank accounts, cash, checks or credit card payments.

YOU ARE NOTIFIED that pursuant to N.D.C.C. § 12.1-09-03 a person is guilty of a criminal offense if he or she intentionally "alters, destroys, mutilates, conceals, or removes a record, document, or thing with intent to impair its verity or availability" in an official proceeding. As such, intentional destruction of any documents related to this matter may result in criminal prosecution.

NOTICE OF CIVIL PENALTIES

YOU ARE FURTHER NOTIFIED that pursuant to N.D.C.C. § 51-15-07 any violation of this Cease and Desist Order is subject to civil penalties not to exceed \$1,000 per violation. Any violation of this Order that is also a violation of N.D.C.C. ch. 51-12 may result in additional civil penalties of not more than \$5,000 per violation and is a Class B misdemeanor. Any violation of this Order that is also a violation of N.D.C.C. ch. 51-15 may result in additional civil penalties of not more than \$5,000 per violation. Such penalties are separate and in addition to any civil penalties, costs, expenses, investigation fees and attorney fees pursuant to N.D.C.C. ch. 51-15 or any other applicable statute. Nothing in this Order is intended to limit or waive any rights and remedies available to the State of North Dakota or consumers.

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE NOTIFIED that pursuant to N.D.C.C. § 51-15-07 you may request a hearing before the Attorney General if such a request is made in writing WITHIN TEN (10) DAYS AFTER THE RECEIPT OF THIS ORDER. Respondents have the right to be

represented by legal counsel at the hearing.

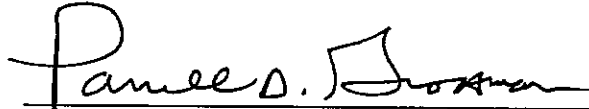
Dated this 9th day of October, 2006.

STATE OF NORTH DAKOTA

Wayne Stenehjem

Attorney General

BY:

A handwritten signature in black ink, appearing to read "Parrell D. Grossman", written over a horizontal line.

Parrell D. Grossman, ID No. 04684

Assistant Attorney General

Director, Consumer Protection and
Antitrust Division

Office of Attorney General

PO Box 1054

Bismarck, ND 58502-1054

(701) 328-3404